

Message Text

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ACTION ARA-14

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SUBJECT: PUYAHGO (TUMBES) PROJECT: MILITARY BUILDUP

REF: STATE 107555

SUMMARY: EMBOFF HAD LONG DISCUSSION ON THE "ECUADOR-PERU QUESTION" AND SPECIFICALLY THE PUYANGO (TUMBES) PROJECT WITH COUNSELOR EDUARDO PONCE VIVANCO, FONOFF ASSISTANT DIRECTOR OF STUDIES AND PLANNING. AS NOW CONCEIVED, THE PROJECT WILL IRRIGATE SOME 50,000 HECTARES AND 20,000 HECTARES IN ECUADOR AND PERU RESPECTIVELY. ACCORDING TO PONCE, THE GOP IS AWARE OF ECUADOREAN SENSIBILITIES AND HAS NEGOTIATED CAREFULLY TO AVOID GIVING THE IMPRESSION OF GETTING THE BETTER OF ECUADOR IN THE SHARE-OUT OF BENEFITS. IT APPEARS UNLIKELY THAT THE PROJECT WILL BECOME A SOURCE OF CONFLICT BETWEEN THE TWO COUNTRIES. RE PARA 8 REFTTEL, MISSION HAS NO EVIDENCE OF SIGNIFICANT MILITARY BUILDUP IN BORDER AREA. END SUMMARY.

1. PONCE, WHO SERVED IN THE PERUVIAN EMBASSY IN QUITO FOR 4 YEARS AND CURRENTLY SITS IN THE BILATERAL COMMISSION CREATED IN 1971 TO STUDY AND EXECUTE PUYANGO (TUMBES), EXPLAINED THE BACKGROUND AND POLITICAL DIMENSIONS OF THIS JOINT IRRIGATION

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PROJECT WITH ECUADOR. THE PUYANGO ORIGINATES IN ECUADOR NEAR ZARUMA, FORMS PART OF THE BORDER BETWEEN THE TWO COUNTRIES, AND THEN EMPTIES INTO THE PACIFIC AS THE TUMBES. AS PRESENTLY CONCEIVED, THE PUYANGO (TUMBES) PROJECT WILL PROVIDE WATER FOR IRRIGATING SOME 50,000 HECTARES OF NOW BARREN LAND IN THE ECUADOREAN PROVINCE OF LOJA, AND SOME 20,000 HECTARES IN PERU'S TUMBES DEPARTMENT. THE RESERVOIR TO BE FORMED BY

THE PROJECTED DAM WHERE THE RIVER FORMS THE BORDER, WILL BE PRIMARILY IN ECUADOREAN TERRITORY. ACCORDING TO PONCE, PERU HAS SEEN FIT TO ACCEPT THE SEEMINGLY UNEVEN DIVISION OF THE IRRIGATION POTENTIAL TO BE CREATED BY PUYANGO (TUMBES) IN ORDER TO MAKE THE JOINT PROJECT MORE POLITICALLY PALATABLE TO ECUADOREAN POLITICIANS AND EASIER TO SELL TO THE ECUADOREAN PUBLIC WHICH, HE SAID, IS EXTREMELY SUSCEPTIBLE TO SUGGESTIONS THAT PERU IS TAKING ADVANTAGE OF THE GOE IN THESE NEGOTIATIONS. PONCE SAID THAT THE U.S. FIRM WHICH HAS DONE THE FEASIBILITY STUDY (HARZA ENGINEERING INC. OF CHICAGO, EXECUTIVE VP MARCEL BETOUN) HAS RECOMMENDED STRICTLY FROM TECHNICAL CRITERIA AN EXPANDED PROJECT TO IRRIGATE SOME 141,000 HECTARES IN WHICH PERU WOULD GAIN A MORE EQUAL SHARE OF THE IRRIGATION WATERS TO BE GENERATED. PERU, HOWEVER, HAS AGREED TO THE TEMPORARY SHELIVING OF THIS PROJECT IN ORDER TO AVOID AROUSING ECUADOREAN SENSIBILITIES AND SCUTTling THE WHOLE PLAN.

3. ACCORDING TO PONCE, THE TECHNICAL, ECONOMIC AND POLITICAL CONSIDERATIONS OF THE PUYANGO (TUBMBES) NEGOTIATIONS HAVE BEEN EXTREMELY DIFFICULT TO BALANCE. HE SAID THAT FROM THE PERUVIAN POINT OF VIEW THE FAILURE OF CURRENT DISCUSSIONS TO PRODUCE RESULTS WOULD BE HIGHLY REGRETTABLE, BOTH POLITICALLY AND FROM THE POINT OF VIEW OF ITS POTENTIAL ECONOMIC BENEFIT TO THE PARCHED AND BARREN DEPARTMENT OF TUMBES. PONCE PRAISED THE TECHNICAL SKILL AND EQUANIMITY OF THE ECUADOREAN SUBCOMMISSION, ESPECIALLY ITS PRESIDENT, LUIS CARRERA DE LA LIMITED OFFICIAL USE

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TORRE, DIRECTOR OF THE PROGRAMA DEL DESARROLLO DEL SUR DEL ECUADOR, BUT ADDED THAT ECUADOREAN POLITICIANS (HE SPECIFICALLY MENTIONED ABDON CALDERON) ARE EAGER TO PLAY POLITICAL FOOTBALL WITH THE PUYANGO (TUMBES) PROJECT FOR THEIR PERSONAL ADVANTAGE. WHEN ASKED ABOUT THE POLITICAL IMPLICATIONS OF THE PROJECT FOR PERU, IN VIEW OF THE UPCOMING ELECTIONS, PONCE INDICATED THAT IT WAS UNLIKELY THAT THE RELATIVE ADVANTAGES TO BE DERIVED FROM THE PROJECT WOULD BECOME AN ISSUE HERE.

4. COMMENT: JUDGING BY OUR PRELIMINARY CONVERSATIONS, WE DISCOUNT THE LIKELIHOOD THAT PUYANGO (TUMBES) WILL BECOME A CAUSE CELEBRE HERE OR A SOURCE OF CONFLICT BETWEEN THE TWO COUNTRIES. THE PROJECT, ALTHOUGH IT CLEARLY HAS POLITICAL IMPLICATIONS, IS LARGELY DETERMINED BY ECONOMIC AND TECHNICAL CONSIDERATIONS. THE TWO COUNTRIES APPEAR TO HAVE COOPERATED EFFECTIVELY IN THE PRELIMINARY STAGES OF NEGOTIATIONS AND TALKS ARE STILL GOING ON. NEVERTHELESS, PERUVIANS IN GENERAL HOLD THE IMAGE OF ECUADOREANS AS SPOILERS, RESENTFUL, STILL SMARTING FROM DEFEAT AND CAPABLE OF SCUTTling A JOINT PROJECT OF GREAT POTENTIAL BENEFIT FOR BOTH COUNTRIES FOR PURELY INTERNAL POLITICAL CONSIDERATIONS. THE IMPRESSION GIVEN BY PONCE IS THAT PERU IS WILLING TO BEND OVER BACKWARDS TO KEEP

THIS FROM HAPPENING.

5. RE INQUIRY PARA 8 REFTTEL ON POSSIBLE PERUVIAN MILITARY BUILDUP ON NORTHERN FRONTIER, ACCORDING TO DAO, SINCE THE BORDER INCIDENTS EARLIER THIS YEAR, PERU HAS MOVED TO THE NORTH AN UNSPECIFIED NUMBER OF HELICOPTERS TO PROVIDE AIRLIFT CAPABILITIES. MISSION HAS NO OTHER EVIDENCE OF MILITARY BUILDUP.

DECON 11/4/78.
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